

**SECRET**

OGC HAS REVIEWED.

25X1A

Supply Officer (Att: [redacted])

24 Nov 1950

Legal Staff

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Contract [redacted]

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1. In [redacted], Article 2 gives to the Contractor the right to terminate the contract, but there is no provision in the contract covering termination costs and payments in this event. It would seem best to delete the provision giving the Contractor the right to terminate, but if it is retained then specific provision must be made covering termination costs and payments.

2. It is noted that the appropriate figures have not been inserted in Article 4 (a) (1) entitled "Overhead." Also it appears that through a typographical error in subparagraph (c) (4) (1) of Appendix I, reference has been made to Article 3 (b) instead of Article 3 (a) of the contract.

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3. The last sentence of Schedule "A" attached to [redacted] is somewhat unclear since it states that "Simultaneous delivery of all items is required", whereas a spaced delivery schedule is provided in other parts of Schedule "A".

4. In regard to the Letter of Intent the same comments are made on the right of the Contractor to terminate as have been made above in paragraph 1 of this memorandum concerning [redacted]

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5. The last sentence of paragraph 3 of the Letter of Intent might well be omitted since it contains language appropriate to a cost-plus-fixed-fee contract and not to a fixed-price contract.

6. The second paragraph on page 2 of the Letter of Intent is not quite clear as to when the delivery schedule of the 925 units begins. Also it is not clear which of the 1,925 units shall incorporate the changes required on inspection and approval of the prototype.

7. The price revision article in the Letter of Intent provides for re-determination after termination of the contract. In view of the large sum of money involved, it might be well in practice to hold back an adequate amount from final payment or to revise the price by amendment prior to completion of the contract and payment of the contract price.

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Encl:

Papers & file on subject  
contract

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Picked up by [redacted]  
on 24 November 1950

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cc: Chrono  
subject

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# MISSING PAGE

ORIGINAL DOCUMENT MISSING PAGE(S):

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